



## Senate

General Assembly

**File No. 230**

February Session, 2006

Substitute Senate Bill No. 299

*Senate, March 30, 2006*

The Committee on Planning and Development reported through SEN. COLEMAN of the 2nd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

### ***AN ACT CONCERNING THE HOUSING TAX CREDIT PROGRAM.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsections (h) and (i) of section 8-395 of the general  
2 statutes are repealed and the following is substituted in lieu thereof  
3 (*Effective July 1, 2006*):

4 (h) In no event shall the total amount of all tax credits allowed to all  
5 business firms pursuant to the provisions of this section exceed [five]  
6 ten million dollars in any one fiscal year, provided, until November  
7 first of each year, [one] two million dollars of the total amount of all  
8 tax credits under this section shall be set aside for the Supportive  
9 Housing Pilots Initiative or the Next Steps Initiative established  
10 pursuant to section 17a-485c, as amended, and one million dollars of  
11 the total amount of all tax credits under this section shall be set aside  
12 for workforce housing, as defined by the Connecticut Housing Finance  
13 Authority through written procedures adopted pursuant to subsection  
14 (k) of this section. On or after November first of each year, any unused

15 portion of such tax credits shall become available for any housing  
16 program eligible for tax credits pursuant to this section.

17 (i) No organization conducting a housing program or programs  
18 eligible for funding with respect to which tax credits may be allowed  
19 under this section shall be allowed to receive an aggregate amount of  
20 such funding for any such program or programs in excess of [four] five  
21 hundred thousand dollars for any fiscal year.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2006	8-395(h) and (i)

**HSG**      *Joint Favorable Subst. C/R*      PD

**PD**      *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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### **OFA Fiscal Note**

#### **State Impact:**

Agency Affected	Fund-Effect	FY 07 \$	FY 08 \$
Department of Revenue Services	GF - Revenue Loss	None	See Below

Note: GF=General Fund

#### **Municipal Impact:** None

#### **Explanation**

The bill will result in a revenue loss to the General Fund to the extent that additional tax credits are claimed under the Housing Tax Credit Program.

The bill raises the limit of all tax credits taken from the Housing Tax Credit Program from \$5 million to \$10 million. The bill also increases the amount of tax credits set aside for the Supportive Housing Pilots Initiative from \$1 million to \$2 million. The bill also increases the tax credit limit any individual organization may take from \$400,000 to \$500,000.

Historically the total amount of credits taken under the program has been below the \$5 million cap. It is not anticipated that the total amount of claims would reach the new \$10 million cap immediately, but over time there is potential for the total amount of claims to reach the \$10 million cap.

#### **The Out Years**

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

**OLR Bill Analysis****sSB 299*****AN ACT CONCERNING THE HOUSING TAX CREDIT PROGRAM.*****SUMMARY:**

This bill increases the amount of tax credits available under, and expands the scope of, the state Rental Housing Assistance Trust Fund Program (popularly known as the Housing Tax Credit Program). Under this program, the Connecticut Housing Finance Authority (CHFA) allocates tax credits to businesses that contribute funds to nonprofit housing organizations developing low- and moderate-income housing.

The bill increases the amount of tax credits CHFA can annually award from \$5 million to \$10 million. It increases, from \$400,000 to \$500,000, the maximum amount per fiscal year that nonprofit housing organizations may use to develop housing for low- and moderate-income people. It also increases, from \$1 million to \$2 million, the amount of tax credits that CHFA must set aside for the Supportive Housing Pilots Initiative or the Next Steps Initiative; the bill adds the latter.

The bill also requires CHFA to set aside \$1 million in housing tax credits for workforce housing and requires CHFA to develop written procedures defining workforce housing. By law, CHFA must adopt written procedures to implement the tax credit program.

Businesses eligible for tax credits are insurance companies, hospitals, medical services corporations, air carriers, railroad companies, cable and community antenna companies, utility companies, and any other business paying corporate business taxes.

EFFECTIVE DATE: July 1, 2006

**COMMITTEE ACTION**

Select Committee on Housing

Joint Favorable Substitute Change of Reference

Yea 6 Nay 0 (03/02/2006)

Planning and Development Committee

Joint Favorable

Yea 17 Nay 0 (03/17/2006)